

# **Regents Bonding Authority Senate File 2287**

Last Action:

**Senate Appropriations  
Committee**

March 10, 2004

## **Executive Summary Only**

**AN ACT providing bonding authorization to the State Board of Regents for specific capital projects.**

**Fiscal Services Division  
Legislative Services Agency**

## **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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## EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

## SENATE FILE 2287 REGENTS BONDING AUTHORITY

### REGENTS BONDING AUTHORIZATION

- Authorizes the Board of Regents to issue academic revenue bonds to fund capital improvements at the institutions as outlined in the Board's five-year capital plan.
- Limits the amount of the bonds to \$120.0 million, as follows:
  - \$48.0 million for Iowa State University for the following projects:
    - Veterinary Teaching Hospital and Diagnostic Lab
    - Coover Hall (Information Science)
    - Fire safety
  - \$50.0 million for the University of Iowa for the following projects:
    - Chemistry Building renovation
    - Art Building renovation, Phase 2
    - Fire safety
  - \$22.0 million for the University of Northern Iowa for the following projects:
    - Science buildings renovation, Phase 1
    - Russell Hall renovation
- Repayment of the bonds is guaranteed by pledging tuition revenue. The State General Fund is not obligated to repay the bonds. However, the General Assembly has historically made appropriations to the Board of Regents for the amount of the annual bond payments in an attempt to minimize tuition increases. The appropriations are referred to as tuition replacement. For FY 2004, the tuition replacement appropriations total \$24.3 million from three sources:
  - \$13.3 million General Fund appropriation in HF 662 (FY 2004 Education Appropriations Act).
  - \$10.6 million appropriation from the Restricted Capital Fund of the Tobacco Settlement Trust Fund in SF 452 (FY 2004 Infrastructure Appropriations Act).
  - \$0.4 million appropriation from the Rebuild Iowa Infrastructure Fund in SF 452 (FY 2004 Infrastructure Appropriations Act).

### FISCAL IMPACT

If this bonding authority is enacted and the bonds are issued as expected, the annual debt service is estimated to be approximately \$24.0 million annually for FY 2005 through FY 2011, and then gradually decrease until final repayment is made in FY 2027. See the attached amortization schedule.

# Regents Bonding Proposal

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Fiscal Year	Current Net Tuition Replacement Need	New Expected Tuition Replacement Need with SSB 3075	Combined Existing and New Tuition Replacement Need
FY 2004	\$ 24,303,459	\$ 0	\$ 24,303,459
FY 2005	23,836,499	204,016	24,040,515
FY 2006	23,174,821	749,681	23,924,502
FY 2007	22,000,335	2,280,354	24,280,689
FY 2008	19,751,050	4,289,584	24,040,634
FY 2009	19,195,041	5,643,159	24,838,200
FY 2010	16,753,820	7,268,559	24,022,379
FY 2011	14,799,269	9,361,709	24,160,978
FY 2012	12,667,948	10,083,759	22,751,707
FY 2013	8,913,056	10,371,209	19,284,265
FY 2014	8,633,017	10,397,821	19,030,838
FY 2015	2,489,190	10,407,396	12,896,586
FY 2016	2,507,142	10,397,221	12,904,363
FY 2017	2,494,541	10,416,784	12,911,325
FY 2018	2,506,544	10,414,134	12,920,678
FY 2019	1,760,436	10,389,909	12,150,345
FY 2020	(13,013)	10,416,734	10,403,721
FY 2021		10,418,534	10,418,534
FY 2022		10,416,121	10,416,121
FY 2023		10,410,646	10,410,646
FY 2024		10,423,196	10,423,196
FY 2025		10,400,071	10,400,071
FY 2026		4,845,496	4,845,496
FY 2027		5,037,577	5,037,577
FY 2028		(182,948)	(182,948)
Totals	205,773,155	184,860,722	390,633,877

Source: Board of Regents